



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	SB0264	Title:	Revise Montana facility finance authority
Primary Sponsor:	Brueggeman, John	Status:	As Introduced

- | | | |
|--|--|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
Other (Enterprise Fund - MFFA)	\$10,000	\$10,000	\$0	\$0
Revenue:				
Other (Enterprise Fund - MFFA)	\$0	\$19,000	\$19,000	\$19,000
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: This bill authorizes the Montana Facility Finance Authority (MFFA) to finance certain industrial development projects for for-profit corporations. Education of the FFA board and program staff along with structuring and marketing a new program are estimated to cost \$10,000 in FY 2010 and FY 2011.

FISCAL ANALYSIS

Assumptions:

Department of Commerce (DOC):

- SB 264 authorizes the Facility Finance Authority (FFA) to finance certain industrial development projects for for-profit corporations. For the purposes of this fiscal note, it is assumed that a \$7.60 million project would be financed in FY 2011, FY 2012, and FY 2013 and produce application fee revenues of \$19,000 each fiscal year ($\$7.6 \text{ million} * .0025 = \$19,000$).
- Training and education in the use of industrial development bonds would be required by the board and FFA staff. For the purposes of this fiscal note it is estimated that training, education, structuring, and marketing of the new program would cost \$10,000 in FY 2010 and FY 2011.
- The bonding activity for projects for the MT Facility Financing Authority are not recorded on the state's accounting system because they are not obligations of the state.

Department of Commerce - FFA

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$10,000	\$10,000	\$0	\$0
<u>Funding of Expenditures:</u>				
Other (Enterprise Fund)	\$10,000	\$10,000	\$0	\$0
<u>Revenues:</u>				
Other (Enterprise Fund)	\$0	\$19,000	\$19,000	\$19,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
Other (Enterprise Fund)	(\$10,000)	\$9,000	\$19,000	\$19,000

Technical Notes:**Department of Revenue (DOR)**

1. This bill does not include a repealer or amendments to the existing language in Section 90-7-112, MCA, which provides that property owned by a MFFA is exempt from all taxation in the State of Montana.
2. There seems to be a conflict with 15-6-201, MCA, which exempts various properties based on the nature of the property. Some of the projects defined as fundable for authority projects under 90-5-101, MCA, could be exempt from taxation under 15-6-201, MCA, including properties leased to a for-profit organization.

Department of Commerce (DOC)

3. 17-5-1312(3), MCA, allows the FFA 4% of the bond cap allocation for Private Activity Bonds. For FY 2009 that amounts to approximately \$7.651 million. Any potential project over that amount would have to apply for carry-over from other governmental entities.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date